

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PADDLEWHEEL ALLIANCE OF LOUISVILLE AND)
UTILITY RATECUTTERS OF KENTUCKY, INC.)

COMPLAINANTS)

v.)

CASE NO. 9854)

LOUISVILLE GAS AND ELECTRIC COMPANY)

DEFENDANT)

O R D E R

BACKGROUND

On January 13, 1987, Paddlewheel Alliance of Louisville, Kentucky, ("PWA") and the Utility Ratecutters of Kentucky, Inc., ("URCK") filed a complaint against Louisville Gas and Electric Company ("LG&E") regarding the planned retirement of Cane Run Unit No. 3. PWA and URCK requested "that the Commission order LG&E to not retire Cane Run Unit No. 3 until the Commission investigates, either on its own or by hiring an independent consultant of the Commission's choice, whether Cane Run No. 3 is no longer of service to LG&E's customers."

On February 4, 1987, the Commission issued a Satisfy or Answer Order. The Order required LG&E to satisfy the matters complained of or file a written answer within 10 days. LG&E was

also ordered to provide additional information regarding the Cane Run units.

A motion for full intervention was granted to the Office of the Attorney General's Utility and Rate Intervention Division.

In response to the Commission's Order, on February 19, 1987, LG&E filed a Motion to Dismiss and Answer. The motion identified several points. First, LG&E stated that Cane Run No. 3 was designed to utilize both coal and gas and was not converted from a coal fired unit to a gas burning unit as suggested in the complaint. Second, LG&E stated its intent to maintain Cane Run No. 3 in operable condition through December 31, 1990, and not retire it in 1987 as alleged in the complaint. Third, LG&E indicated that the option of extending the useful life of Cane Run Units 1, 2, and 3 was considered previously in Case No. 9243, An Investigation and Review of Louisville Gas and Electric Company's Capacity Expansion Study and the Need for Trimble County Unit No. 1 and, therefore, further review of this issue is barred by res judicata. Fourth, LG&E denied PWA and URCK's allegation that Cane Run No. 3 is equipped with new gas burners. LG&E states that the unit is equipped with the same gas burners as installed when the unit was built. Also, LG&E states that the Cane Run boilers were not designed to be used as peaking or cycling units. Fifth, LG&E denies that the retirement of Cane Run No. 3 is the only justification for completing Trimble County Unit No. 1. Finally, LG&E states that the Cane Run units, even if they were rehabilitated or rebuilt, could not be a substitute for Trimble County Unit No. 1.

PWA and URCK responded to LG&E's Answer in a February 27, 1987, filing. Based on LG&E's response that the plan was to keep Cane Run Unit No. 3 in operable condition through 1990, PWA and URCK considered their complaint satisfied but requested that LG&E notify the Commission and other parties if the retirement date is changed.

On March 11, 1987, LG&E responded to the Commission's request for additional information. In the response, LG&E states that no studies besides those presented in Case No. 9243 had been performed regarding the Company's plans to retire the Cane Run units.

FINDINGS AND ORDERS

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that the complaint has been answered and satisfied and should be dismissed. However, the Commission notes that LG&E's February 19, 1987, Answer states that it "continues to study and evaluate the role of all the Cane Run units as part of the Company's capacity mix." (Page 7.) The Commission is pleased to see this as LG&E's position with regard to the Cane Run units. If any future studies are made or there are changes in the retirement plans of the Cane Run units, LG&E should promptly notify the Commission and parties to this case. Further, the Commission finds that although this complaint is dismissed, any additional studies related to the retirement or extension of the Cane Run units should be considered in the Trimble County review docket, Case No. 9934, A Formal Review of the Current Status of Trimble County Unit No. 1.

IT IS THEREFORE ORDERED that:

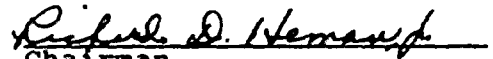
1. The complaint be and it hereby is dismissed without prejudice.


2. LG&E shall notify the Commission and parties to this case of any changes in the retirement plans of the Cane Run units and provide any studies which support the changes.

3. Any additional studies related to the retirement or extension of the Cane Run units available now or soon to be available shall be filed in Case No. 9934.

Done at Frankfort, Kentucky, this 27th day of May, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director